FISCAL POLICIES PROCEDURES

CREDIT CARD FEES PROCEDURES

GENERAL PROCEDURES

Agency credit card fees should be recorded as an expense in the month in which they are paid. They should not be recorded as an offset to revenue. The state collects the revenue and pays the credit card fees directly to the card processor.

Transaction codes:

    TC 230, use subobject 5963
    Dr – Expenditure $100.00
      Cr – Cash $100.00

INTERMEDIARY PAYS THE CREDIT CARD FEES

If an intermediary is being used to collect state revenue and the intermediary is paying the credit card fees, no expense should be recorded by the agency.

Example:

- Agency A has a contract with XYZ Company to be an intermediary credit card payment collection processor.
- XYZ Company bills the agency a set fee per transaction.
- XYZ Company directly pays the credit card fee and remits the gross revenue collected to the state.

Transaction codes:

    TC 101, use subobject 5963
    Dr – Cash $50.00
      Cr – Revenue $50.00

INTERMEDIARY DEDUCTS THE CREDIT CARD FEES

If the intermediary collects the state revenue and deducts the credit card fee from their remittance, revenue should be recorded in full by the agency, with a corresponding expense to credit card fees to reflect the remitted amount.

Example:

- Agency B has a contract with QRS Company as an intermediary credit card payment collection processor.
- QRS Company charges the agency a set fee per transaction.
- XYZ Company directly pays the credit card fee and remits the net revenue collected (total cash collected less transaction fee, less credit card fee) to the state.

QRS Company collects $235. They charge Agency B $35.
Agency B needs to enter two transactions in STARS:

<u>**Transaction codes:**</u>

TC 101, use subobject appropriate for type of revenue
Dr – Cash $200.00
   Cr – Revenue $200.00

TC 192, use subobject 5963, credit card fees
Dr - GAAP Expense $35.00
   Cr – Revenue $35.00